



FOR IMMEDIATE RELEASE
DRT Issues Guidance on How to Report
New Exclusion of Up to \$10,200 of Unemployment Compensation

April 1, 2021

BARRIGADA, GU – The Guam Department of Revenue and Taxation (DRT) announces that you can exclude from income and don't have to pay tax on unemployment compensation of up to \$10,200 you received in 2020, if your modified adjusted gross income (AGI) is less than \$150,000. The American Rescue Plan enacted on March 11, 2021 allows for this exclusion.

If you are married, each spouse receiving unemployment compensation doesn't have to pay tax on unemployment compensation of up to \$10,200. Amounts over \$10,200 for each individual are still taxable. If your modified AGI is \$150,000 or more, you can't exclude any unemployment compensation. If you file Form 1040-NR, you can't exclude any unemployment compensation for your spouse.

How to claim the exclusion

The exclusion should be reported separately from your unemployment compensation.

Taxpayers must complete and attach Schedule 1, (Form 1040), *Additional Income and Adjustments to Income*, to claim the exclusion. Lines 7 and 8 of Schedule 1 are used to report both the total unemployment compensation (line 7) and the exclusion (line 8), respectively. You may view the instructions for Schedule 1 (Form 1040), line 7, Unemployment Compensation at <https://www.irs.gov/pub/irs-pdf/i1040gi.pdf>, and see the attached Unemployment Compensation Exclusion Worksheet to calculate the exclusion.

An example of Schedule 1 (Form 1040), lines 7 and 8, are shown below.

7	Unemployment compensation	7	25,000
8	Other income. List type and amount ▶ UCE (\$10,200)	8	(10,200)
9	Combine lines 1 through 8. Enter here and on Form 1040, 1040-SR, or 1040-NR, line 8	9	14,800

What if I already filed my 2020 Individual Income Tax Return

If you have already filed your 2020 Form 1040 or 1040-SR, you must file an amended return to claim the exclusion.

Reminder that the income tax filing due date for individuals is extended from April 15, 2021 to May 17, 2021. This is an automatic extension therefore individual taxpayers do not need to file any additional forms with DRT.

If you have further questions regarding this this exclusion, please consult with a certified tax practitioner or contact us at 635-1840/1841 or 635-7651. Please take note, that due to high call volumes, we recommend that you e-mail us at incometax@revtax.guam.gov.

American Rescue Plan – Tax Year 2020 Unemployment Compensation Exclusion Worksheet – Schedule 1, Line 8

2021.04.01

1. If you are filing Form 1040 or 1040-SR, enter the total of lines 1 through 7 of Form 1040 or 1040-SR. If you are filing Form 1040-NR, enter the total of lines 1a, 1b, and lines 2 through 7.
2. Enter the amount from Schedule 1, lines 1 through 6. Don't include any amount of unemployment compensation from Schedule 1, line 7 on this line.
3. Use the line 8 instructions to determine the amount to include on Schedule 1, line 8, and enter here. Do not reduce this amount by the amount of unemployment compensation you may be able to exclude.
4. Add lines 1, 2, and 3.
5. If you are filing Form 1040 or 1040-SR, enter the amount from line 10c. If you are filing Form 1040-NR, enter the amount from line 10d.
6. Subtract line 5 from line 4. This is your modified adjusted gross income.
7. Is the amount on line 6 \$150,000 or more?
 - a. Yes. Stop You can't exclude any of your employment compensation
 - b. No. Go to line 8
8. Enter the amount of unemployment compensation paid to you in 2020. Don't enter more than \$10,200.
9. If married filing jointly, enter the amount of unemployment compensation paid to your spouse in 2020. Don't enter more than \$10,200. If you are filing Form 1040-NR, enter -0-.
10. Add lines 8 and 9 and enter the amount here. This is the amount of unemployment compensation excluded from your income.
11. Subtract line 10 from line 3 and enter the amount on Schedule 1, line 8. If the result is less than zero, enter it in parentheses. On the dotted line next to Schedule 1, line 8, enter "UCE" and show the amount of unemployment compensation exclusion in parentheses on the dotted line. Complete the rest of Schedule 1 and Form 1040, 1040-SR, or 1040-NR.

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